TeamHGS Limited

Financial Statements
31 March 2018

TeamHGS Limited

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31 March 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of
TeamHGS Limited

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of TeamHGS Limited ("the Company") set out on pages 1 to 25, which comprise the statement of financial position at 31 March 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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Report on the audit of the Financial Statements (continued)

Responsibilities of Management and the Board of Directors for the Financial Statements (continued)

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
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Report on the audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examinations of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner so required.

Baker Tilly Strachan Lafayette

Chartered Accountants
Kingston, Jamaica
01 June 2018

TeamHGS Limited

Statement of Financial Position
As at 31 March 2018

	Note	2018	2017
		$	$
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,640,868,245	1,474,092,485
Deferred income taxes	6	-	-
		1,640,868,245	1,474,092,485
Current Assets			
Receivables	7	187,816,562	229,173,017
Taxation recoverable		17,643,585	5,693,289
Cash at bank and in hand	8	75,995,531	36,574,814
		281,455,678	271,441,120
TOTAL ASSETS		1,922,323,923	1,745,533,605
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	9	1,000	1,000
Retained earnings		255,733,212	122,413,995
		255,734,212	122,414,995
Non-Current Liability			
Due to related parties	10	1,312,096,603	1,285,734,796
		1,312,096,603	1,285,734,796
Current Liabilities			
Payables	11	354,493,108	337,383,814
Taxation		-	-
		354,493,108	337,383,814
TOTAL EQUITY AND LIABILITIES		1,922,323,923	1,745,533,605

Approved for issue by the Board of Directors on 01 June 2018 and signed on its behalf by:

______________________ Director
Narasimha Murthy

TeamHGS Limited

Statement of Comprehensive Income
Year ended 31 March 2018

	Note	2018	2017
		$	$
Turnover	12	3,585,728,617	2,386,198,574
Other income		890,170	-
Total income		3,586,618,787	2,386,198,574
Administrative and operating expenses	13	(3,415,506,453)	(2,264,060,619)
Operating profit	14	171,112,334	122,137,955
Finance costs, net	15	(37,673,117)	(38,324,475)
Profit before taxation		133,439,217	83,813,480
Taxation		(120,000)	(2,931,536)
Total comprehensive income	17	133,319,217	80,881,944

TeamHGS Limited

Statement of Changes in Equity
Year ended 31 March 2018

	Share Capital	Retained Earnings	Total
	$	$	$
Balance at 1 April 2016	1,000	41,532,051	41,533,051
Total comprehensive income	-	80,881,944	80,881,944
Balance at 31 March 2017	1,000	122,413,995	122,414,995
Total comprehensive income	-	133,319,217	133,319,217
Balance at 31 March 2018	1,000	255,733,212	255,734,212

TeamHGS Limited

Statement of Cash Flows
Year ended 31 March 2018

	2018	2017
	$	$
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Profit before taxation	133,439,217	83,813,480
Items not affecting cash resources:		
Depreciation	294,885,843	181,477,491
Loss on disposal of property, plant and equipment	39,531,412	-
Loss on foreign exchange, net	33,597,727	36,682,125
Interest income	(46,891)	(40,521)
	501,407,308	301,932,575
Changes in operating assets and liabilities:		
Decrease/(increase) in receivables	41,356,455	(54,966,499)
Increase in payables	16,160,377	247,877,726
Cash provided by operations	558,924,140	494,843,802
Tax paid	(12,070,296)	(17,710,841)
Interest received	46,891	40,521
Net cash provided by operating activities	546,900,735	477,173,482
Investing Activity		
Purchase of property, plant and equipment	(501,193,015)	(1,004,784,532)
Cash used in investing activity	(501,193,015)	(1,004,784,532)
Financing Activity		
Related parties	(3,759,363)	557,543,231
Cash (used in)/provided by financing activity	(3,759,363)	557,543,231
Net increase in cash and cash equivalents for year	41,948,357	29,932,181
Effects of changes in exchange rates on cash and cash equivalents	(2,527,640)	644,287
Cash and cash equivalents at beginning of year	36,574,814	5,998,346
CASH AND CASH EQUIVQLENTS AT END OF YEAR	75,995,531	36,574,814
Represented by:		
Cash at bank and on hand	75,995,531	36,574,814

1. Identification and principal activity

The company was incorporated in Jamaica on August 19, 2011. Its principal activity involves the provision of call centre and consultancy services. Its registered office is located at 12-14 Worthington Terrace, Kingston 6.

These financial statements are presented in Jamaican dollars.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) Basis of preparation

These financial statements have been prepared in accordance with, and comply with, the International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards effective in the current year that are relevant to the company's operations.

Amendments to IAS 7 'Statement of Cash Flows' to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment became effective January 1, 2017.

Amendments to IAS 12 'Income taxes' – Recognition of Deferred Tax Assets to Unrealised Losses clarifies that entities should recognize timing differences on unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. It also addresses that estimates of future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. The amendment became effective January 1, 2017.

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company

IFRS 9, Financial Instruments, (effective for annual periods beginning on or after 1 January 2018), replaces the existing guidance in IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

TeamHGS Limited

Notes to the Financial Statements
31 March 2018

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company (continued)

IFRS 15, 'Revenue from Contracts with Customers', (effective for annual periods beginning on or after 1 January 2018). It replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC–31 Revenue – Barter Transactions involving Advertising Services. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

The directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant in future periods, is unlikely to have any material impact on the financial statements.

(b) Foreign currency translation
Foreign currency transactions are accounted for at the exchange rate prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are transalated into Jamaican dollars at the exchange rate prevailing at the date of the statement of financial position, that is, in the case of each currency, the Bank of Jamaica weighted average buying and selling rates at that date. Gains and losses arising from fluctuations in exchange rates are reflected in the statement of comprehensive income.

(c) Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis at rates to write off the carrying value of the assets over their expected useful lives. The rates used to write off the cost of assets are as follows:

Leasehold improvements	20%
Furniture, fixtures and equipment	10%
Computers	$33^{1}/_{3}$%

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

2. Summary of significant accounting policies (continued)

(d) Cash and cash equivalents
Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

(e) Share capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(f) Income taxes
Where applicable, taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(g) Payables
Payables, including provisions, are stated at their nominal value. A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

2. Summary of significant accounting policies (continued)

(h) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of General Consumption Tax. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for the company's activities, which include the provision of call centres and consultancy services.

(i) Related party transactions

A party is related to the company, if:

(i) directly, or indirectly through one or more intermediaries, the party, is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the company that gives it significant influence over the company; or has joint control over the company;

(ii) the party is an associate of the company;

(iii) the party is a joint venture in which the company is a venturer;

(iv) the party is a member of the key management personnel of the company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is the company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party has a post-employment benefit plan for the benefit of employees of the company, or of any company that is a related party of the company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. The company has a related party relationship with its directors and key management personnel, representing certain senior officers of the company.

2. Summary of significant accounting policies (continued)

(j) Impairment

At each statement of financial position date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

3. Critical accounting estimates and judgments in applying accounting policies

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Impairment losses on receivables
The company reviews its receivables to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in the statement of income, the company makes judgement as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the receivables resulting from adverse change in the payment status of the customer or national and economic conditions that correlate with defaults on receivables in the company. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Income taxes
Estimates and judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain during the ordinary course of business. In cases of such uncertainty, the company recognises liabilities for possible additional taxes based on its judgement. Where, on the basis of subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

(iii) Depreciable assets
Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(iv) Fair value of financial assets
The management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions (note 4).

4. Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance.

The company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The directors are ultimately responsible for the establishment and oversight of the company's risk management framework. They provide written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

(a) Credit risk

The company takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the company by failing to discharge their contractual obligations. Credit risk is the most important risk for the company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the company's receivables from customers. The company structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments.

(i) Receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established a credit policy which is communicated to each customer. The company will take legal action against customers who fail to comply with the company's credit policy.

The company established an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The company determines impairment on an individual customer basis.

The company's average credit period on receivables is 30 days. The company has provided for receivables based on historical experience, as well as an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired. There is no impairment in receivables for the current year.

4. Financial risk management (continued)

(a) Credit risk (continued)

(ii) Cash
Cash transactions are limited to high credit quality financial institutions. The company has policies in place to limit the amount of exposure to any one financial institution.

Maximum exposure to credit risk
The company's maximum exposure to credit risk at year end was as follows:

	2018	2017
	$	$
Receivables	187,816,562	229,173,017

Exposure to credit risk for trade receivables
The following table summarises the company's credit exposure for trade receivables at their carrying value amounts:

	2018	2017
	$	$
Trade receivables	110,680,836	150,803,628
Deposits	39,998,359	43,400,375
Prepayments	37,137,367	34,969,014
	187,816,562	229,173,017

The ageing of these receivables was as follows:

	2018	2017
	$	$
0 – 30 days	108,132,218	129,414,365
31 – 60 days	-	4,619,564
61 – 90 days	2,522,007	7,547,851
Over 90 days	26,611	9,221,848
	110,680,836	150,803,628

4. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The company's liquidity management process includes:

(i) Monitoring future cash flows and liquidity on a daily basis;

(ii) Maintaining marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Accessing the necessary funding through the parent company.

TeamHGS Limited

Notes to the Financial Statements
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4. Financial risk management (continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities
The maturity profile of the company's financial liabilities at year end on contractual undiscounted payments was as follows:

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	$	$	$	$	$	$
			2018			
Trade payables	90,173,892	-	-	-	-	90,173,892
Accruals	264,319,216	-	-	-	-	264,319,216
Due to related parties	-	-	-	1,312,096,603	-	1,312,096,603
	354,493,108	-	-	1,312,096,603	-	1,666,589,711
			2017			
Trade payables	95,777,734	-	-	-	-	95,777,734
Accruals	241,606,080	-	-	-	-	241,606,080
Due to related parties	-	-	-	1,285,734,796	-	1,285,734,796
	337,383,814	-	-	1,285,734,796	-	1,623,118,610

Assets available to meet all of the liabilities and to cover financial liabilities include cash and cash equivalents and receivables.

(c) Market risk

The company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk exposures are measured using sensitivity analysis. There has been no significant exposure to market risks or the manner in which it manages and measures the risk.

TeamHGS Limited

Notes to the Financial Statements
31 March 2018

4. Financial risk management (continued)

(d) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The following table summarises the company's exposure to interest rate risk. It includes the company's financial instruments at carrying amounts, categorized by the contractual re-pricing or maturity dates.

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Non-interest bearing	Total
	$	$	$	$	$	$
			2018			
Assets						
Receivables	-	-	-	-	187,816,562	187,816,562
Cash at bank and in hand	-	-	-	-	75,995,531	75,995,531
Total financial assets	-	-	-	-	263,812,093	263,812,093
Liabilities						
Due to related parties	-	-	-	-	1,312,096,603	1,312,096,603
Payables	-	-	-	-	354,493,108	354,493,108
Total financial liabilities	-	-	-	-	1,666,589,711	1,666,589,711
Total interest re-pricing gap	-	-	-	-	(1,402,777,618)	(1,402,777,618)

TeamHGS Limited

Notes to the Financial Statements
31 March 2018

4. Financial Risk Management (continued)

(d) Interest rate risk (continued)

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Non-interest bearing	Total
	$	$	$	$	$	$
			2017			
Assets						
Receivables	-	-	-	-	229,173,017	229,173,017
Cash at bank and in hand	-	-	-	-	36,574,814	36,574,814
Total financial assets	-	-	-	-	265,747,831	265,747,831
Liabilities						
Due to related parties	-	-	-	-	1,285,734,796	1,285,734,796
Payables	-	-	-	-	337,383,814	337,383,814
Total financial liabilities	-	-	-	-	1,623,118,610	1,623,118,610
Total interest re-pricing gap	-	-	-	-	(1,357,370,779)	(1,357,370,779)

(e) Fair value estimates

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The amount included in the financial statements for cash and bank balances, receivables and payables reflect their approximate fair values because of the short-term maturity of these instruments. The fair value of the related parties' balances could not be reasonable assessed as there are no set repayment terms.

TeamHGS Limited

Notes to the Financial Statements
31 March 2018

5. Property, plant and equipment

	Leasehold Improvements	Work-in-Progress	Furniture, Fixtures & Equipment	Computers	Total
	$	$	$	$	$
Cost -					
1 April 2016	307,194,545	190,107,394	120,571,861	152,303,796	770,177,596
Additions	375,082,934	405,577,519	193,310,201	30,813,878	1,004,784,532
31 March 2017	682,277,479	595,684,913	313,882,062	183,117,674	1,774,962,128
Additions	8,659,567	414,810,339	68,050,935	9,672,174	501,193,015
Disposals	(136,500)	(20,645,105)	(21,550,827)	-	(42,332,432)
Transfers	646,220,295	(983,051,340)	243,814,779	93,016,266	-
31 March 2018	1,337,020,841	6,798,807	604,196,949	285,806,114	2,233,822,711
Depreciation -					
1 April 2016	44,529,249	-	11,941,769	62,921,134	119,392,152
Charge for year	104,964,587	-	22,275,879	54,237,025	181,477,491
31 March 2017	149,493,836	-	34,217,648	117,158,159	300,869,643
Charge for year	195,041,881	-	43,658,161	56,185,801	294,885,843
Relieved on disposals	(3,740)	-	(2,797,280)	-	(2,801,020)
31 March 2018	344,531,977	-	75,078,529	173,343,960	592,954,466
Net Book Value -					
31 March 2018	992,488,864	6,798,807	529,118,420	112,462,154	1,640,868,245
31 March 2017	532,783,643	595,684,913	279,664,414	65,959,515	1,474,092,485

TeamHGS Limited

Notes to the Financial Statements
31 March 2018

6. Deferred income taxes

Deferred income taxes are calculated in full on all temporary differences under the liability method using a tax rate of 25%. Assets and liabilities recognised on the statement of financial position are as follows:

	2018	2017
	$	$
Deferred income tax assets	-	-
Deferred income tax liabilities	-	-
Balance at end of year	-	-

The movement on the net deferred income tax balance is as follows:

	2018	2017
	$	$
Balance at start of year	-	2,931,536
Debited to statement of comprehensive income (Note 17)	-	(2,931,536)
Balance at end of year	-	-

The amounts shown in the statement of financial position include the following:

	2018	2017
	$	$
Deferred tax assets to be settled:		
- after more than 12 months	-	-
- within 12 months	-	-
	-	-

TeamHGS Limited

Notes to the Financial Statements
31 March 2018

7. Receivables

	2018	2017
	$	$
Trade receivables	110,680,836	150,803,628
Deposits	39,998,359	43,400,375
Prepayments	37,137,367	34,969,014
	187,816,562	229,173,017

8. Cash at bank and in hand

	2018	2017
	$	$
National Commercial Bank Jamaica Limited	75,688,992	32,026,966
Cash in hand	306,539	4,547,848
	75,995,531	36,574,814

Cash at bank substantially comprise savings and operating accounts at licensed commercial banks in Jamaica. The rate of interest earned on the company's savings account ranges from 1% to 2.20% for an account that is denominated in United States Dollars.

9. Share capital

	2018	2017
	$	$
Authorised, issued and fully paid 1,000 ordinary shares of $1.00, no par value.	1,000	1,000

10. Due to related parties

These represent inter-company accounts held with the related parties (HGS St. Lucia, HGS Inc, HGS India, HGS Phillipines and HGS U.S.A.) in the normal course of business. The balance is interest free and has no fixed repayment terms.

TeamHGS Limited

Notes to the Financial Statements
31 March 2018

11. Payables

	2018	2017
	$	$
Trade payables	90,173,892	95,777,734
Accruals	221,532,541	217,803,167
Statutory liabilities	42,786,675	23,802,913
	354,493,108	337,383,814

12. Turnover

Turnover represents income earned from the provision of call centre and consultancy services.

TeamHGS Limited

Notes to the Financial Statements
31 March 2018

13. Expenses by nature

	2018	2017
	$	$
Asset tax	200,000	200,000
Audit fee	2,200,000	1,650,000
Commission	9,151,769	6,335,284
Courier	1,674,100	1,163,009
Depreciation	294,885,843	181,477,491
Donations	67,980	135,235
Dues and subscription	411,799	788,192
Equipment rental	2,441,834	2,778,427
Fines and penalties	-	22,527,349
Insurance	43,641,250	19,106,038
Loss on disposal of property, plant and equipment	39,531,412	-
Management fees	30,472,346	30,692,238
Office supplies	76,626,230	41,716,283
Printing and stationery	3,708,347	2,462,743
Professional fees	16,784,558	43,138,262
Rent	126,556,828	101,701,483
Repairs and maintenance	104,000,045	62,111,148
Security	34,197,998	24,413,600
Staff costs	2,170,647,439	1,501,983,876
Training and development	63,305,341	4,832,682
Travelling, meetings and conferences	159,928,221	40,124,736
Utilities	235,073,113	174,722,543
	3,415,506,453	2,264,060,619
Finance costs, net (Note 15)	37,673,117	38,324,475
	3,453,179,570	2,302,385,094

TeamHGS Limited

Notes to the Financial Statements
31 March 2018

14. Operating profit

The following have been charged in arriving at operating profit:

	2018	2017
	$	$
Auditors' remuneration	2,200,000	1,650,000
Depreciation	294,885,843	181,477,491
Directors' emoluments:-		
- Fees	-	-
- Management remuneration	30,472,346	30,692,238
Loss on disposal of property, plant and equipment	39,531,412	-
Staff costs (Note 16)	2,170,647,439	1,501,983,876

15. Finance costs, net

	2018	2017
	$	$
Bank charges	4,122,281	1,682,871
Foreign exchange losses	47,003,244	44,923,877
	51,125,525	46,606,748
Foreign exchange gains	(13,405,517)	(8,241,752)
Interest income	(46,891)	(40,521)
	37,673,117	38,324,475

16. Staff costs

	2018	2017
	$	$
Salaries and wages	1,855,132,993	1,308,999,321
Statutory contributions	219,610,462	132,574,714
Staff welfare	95,903,984	60,409,841
	2,170,647,439	1,501,983,876
Number of persons employed at the end of the year	1,958	1,760

17. Taxation

Taxation is based on the operating profit for the year adjusted for taxation purposes and comprises income tax at 25%:

	2018	2017
	$	$
Minimum Business Tax:		
Current year	60,000	-
Prior year	60,000	-
Deferred taxation (Note 6)	-	2,931,536
	120,000	2,931,536

The company under the Freezone Act is a designated free zone entity and hence is not subject to income tax on its normal trading activities in any given year in which the criteria for free zone status are met. In the current year the company met all required criteria and as a result was not liable for income taxes.

Under the Provisional Collection of Tax Act, the Minimum Business Tax Order, 2014, enacted a new minimum tax of $60,000 per annum commencing in the year of assessment 2014. The Minimum Business Tax paid can be credited towards the Income Tax Payable for the year of assessment, provided that the income tax liability is greater than the minimum tax. This tax has been paid by the company and has been included in taxation expenses in these financial statements.

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Notes to the Financial Statements
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18. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related party transactions and balances are recognised and disclosed below for the following:

(a) Enterprises over which a substantial interest in the voting power is owned by a key management personnel, including directors and officers and close members of families; or

(b) Enterprises over which such a person, in (a) above, is able to exercise significant influence. This include enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the company.

The related party balances are as follows:-

	2018	2017
	$	$
HGS St. Lucia Limited	1,259,133,457	1,259,133,457
HGS Inc.	6,762,336	20,428,830
HGS India	20,256,008	24,626,955
HGS U.S.A.	21,302,617	(22,821,378)
HGS Phillipines	3,898,501	4,366,932
HGS Int. Private	743,684	-
	1,312,096,603	1,285,734,796

The following amounts have been charged in the statement of comprehensive income:-

- Management fees - $30,472,346; (2017:- $30,692,238) HGS Inc.
- Sales commission - $Nil; (2017:- $Nil) HGS Inc.